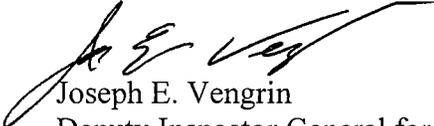




MAR 10 2009

**TO:** Charlene Frizzera  
Acting Administrator  
Centers for Medicare & Medicaid Services

**FROM:**   
Joseph E. Vengrin  
Deputy Inspector General for Audit Services

**SUBJECT:** Allowability of Alabama's Hurricane Katrina-Related Uncompensated Care Claims (A-04-08-03040)

The attached final report provides the results of our review of the allowability of Alabama's Hurricane Katrina-related uncompensated care claims. We will issue this report to the Alabama Medicaid Agency (the State agency) within 5 business days.

In response to Hurricane Katrina, section 6201 of the Deficit Reduction Act of 2005 authorized Federal funding for the total costs of medically necessary uncompensated care furnished to evacuees and affected individuals without other coverage in eligible States; i.e., States that provided care to such individuals under section 1115 projects. Under section 1115 of the Social Security Act, the Centers for Medicare & Medicaid Services (CMS) approved Alabama's request for demonstration authority related to Hurricanes Katrina and Rita. In accordance with the State's uncompensated care pool (UCCP) plan, CMS authorized the State to reimburse providers that incurred uncompensated care costs for medically necessary services and supplies for Hurricane Katrina evacuees and affected individuals and Hurricane Rita evacuees who did not have other coverage. As of December 31, 2006, the State agency reported payments totaling \$1.7 million to 484 health care providers for 9,752 uncompensated care claims.

Our objective was to determine whether the State agency claimed reimbursement for services supplied by five providers who received high UCCP reimbursement amounts (high-dollar providers) in accordance with the approved section 1115 demonstration and UCCP plan.

The State agency generally claimed reimbursement for services supplied by five high-dollar providers in accordance with the approved section 1115 demonstration and UCCP plan. Of the 227 claims totaling \$771,386 that we reviewed, 218 claims totaling \$744,554 were allowable. However, the remaining nine claims totaling \$26,832 were unallowable because the individuals who received the services were not from an area affected by Hurricane Katrina or Rita (five claims), had health care coverage under other programs (three claims), or did not provide an address that could be used to establish eligibility (one claim).

One other claim totaling \$15,878 was allowable as a UCCP claim. However, the State agency inappropriately used this claim in its Medicaid disproportionate share hospital (DSH) calculation.

The State agency claimed unallowable reimbursement because it did not always follow its procedures for verifying individuals' addresses and eligibility for services. Also, the State agency did not always ensure that uncompensated care claims reimbursed from the UCCP were not used in the calculation of uncompensated care claims for the Medicaid DSH program.

We recommended that the State agency:

- refund to CMS \$26,832 paid to providers for unallowable uncompensated care claims;
- consider reviewing the 9,525 claims that were not included in our sample to ensure that the claims met applicable reimbursement requirements and, if appropriate, make a refund to CMS; and
- determine the effect of incorrectly including a claim reimbursed under the UCCP in the hospital-specific DSH calculation and make an appropriate adjustment on Form CMS-64.

Because authority for the UCCP has expired, we are not making procedural recommendations.

In comments on our draft report, the State agency concurred with our first recommendation and did not address our second recommendation. With respect to our third recommendation, the State agency said that the hospital would have received only a small payment from the inclusion of the UCCP claim in the hospital-specific DSH calculation. The State agency further stated that it was exempt from making DSH payments directly to hospitals and that DSH payments were made to prepaid health plans.

After reviewing the State agency's comments, we revised our third recommendation to indicate that the State agency should make an appropriate adjustment on Form CMS-64, rather than an adjustment to the hospital's DSH reimbursement. Our second recommendation remains valid.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact George M. Reeb, Assistant Inspector General for the Centers for Medicare & Medicaid Audits, at (410) 786-7104 or through e-mail at [George.Reeb@oig.hhs.gov](mailto:George.Reeb@oig.hhs.gov) or Peter J. Barbera, Regional Inspector General for Audit Services, Region IV, at (404) 562-7750 or through e-mail at [Peter.Barbera@oig.hhs.gov](mailto:Peter.Barbera@oig.hhs.gov). Please refer to report number A-04-08-03040.

Attachment



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General  
Office of Audit Services

REGION IV

61 Forsyth Street, S.W., Suite 3T41  
Atlanta, Georgia 30303

MAR 16 2009

Report Number: A-04-08-03040

Ms. Carol H. Steckel  
Commissioner  
Alabama Medicaid Agency  
501 Dexter Avenue  
Montgomery, Alabama 36103-5624

Dear Ms. Steckel:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Allowability of Alabama's Hurricane Katrina-Related Uncompensated Care Claims." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, OIG reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact John Drake, Audit Manager, at (404) 562-7755 or through e-mail at [John.Drake@oig.hhs.gov](mailto:John.Drake@oig.hhs.gov). Please refer to report number A-04-08-03040 in all correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Peter J. Barbera".

Peter J. Barbera  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

Ms. Jackie Garner  
Consortium Administrator  
Consortium for Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
Chicago, Illinois 60601

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**ALLOWABILITY OF ALABAMA'S  
HURRICANE KATRINA-RELATED  
UNCOMPENSATED CARE CLAIMS**



Daniel R. Levinson  
Inspector General

March 2009  
A-04-08-03040

# ***Office of Inspector General***

<http://oig.hhs.gov>

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Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act.

## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

In response to Hurricane Katrina, section 6201 of the Deficit Reduction Act of 2005 authorized Federal funding for the total costs of medically necessary uncompensated care furnished to evacuees and affected individuals without other coverage in eligible States; i.e., States that provided care to such individuals under section 1115 projects.

Under section 1115 of the Social Security Act, the Centers for Medicare & Medicaid Services (CMS) approved Alabama's request for demonstration authority related to Hurricanes Katrina and Rita and allowed the State to reimburse providers that incurred uncompensated care costs for medically necessary services and supplies for evacuees who did not have other coverage. In accordance with the State's uncompensated care pool (UCCP) plan, CMS authorized reimbursement from the pool for services provided to Hurricane Katrina evacuees and affected individuals and Hurricane Rita evacuees who did not have coverage under Medicare, Medicaid, the State Children's Health Insurance Program, private insurance, State-funded health insurance programs, or public or private hurricane relief efforts. Reimbursement was limited to services provided from August 24, 2005, through January 31, 2006, for Hurricane Katrina and from September 23, 2005, through January 31, 2006, for Hurricane Rita. The pool was 100 percent federally funded.

As of December 31, 2006, the Alabama Medicaid Agency (the State agency) reported payments totaling \$1.7 million to 484 health care providers for 9,752 uncompensated care claims. The State agency claimed reimbursement for these payments on the "Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program" (Form CMS-64).

### **OBJECTIVE**

Our objective was to determine whether the State agency claimed reimbursement for services supplied by five providers who received high UCCP reimbursement amounts (high-dollar providers) in accordance with the approved section 1115 demonstration and UCCP plan.

### **SUMMARY OF FINDINGS**

The State agency generally claimed reimbursement for services supplied by five high-dollar providers in accordance with the approved section 1115 demonstration and UCCP plan. Of the 227 claims totaling \$771,386 that we reviewed, 218 claims totaling \$744,554 were allowable. However, the remaining nine claims totaling \$26,832 were unallowable because the individuals who received the services were not from an area affected by Hurricane Katrina or Rita (five claims), had health care coverage under other programs (three claims), or did not provide an address that could be used to establish eligibility (one claim).

One other claim totaling \$15,878 was allowable as a UCCP claim. However, the State agency inappropriately used this claim in its Medicaid disproportionate share hospital (DSH) calculation.

The State agency claimed unallowable reimbursement because it did not always follow its procedures for verifying individuals' addresses and eligibility for services. Also, the State agency did not always ensure that uncompensated care claims reimbursed from the UCCP were not used in the calculation of uncompensated care claims for the Medicaid DSH program.

## **RECOMMENDATIONS**

We recommend that the State agency:

- refund to CMS \$26,832 paid to providers for unallowable uncompensated care claims;
- consider reviewing the 9,525 claims that were not included in our sample to ensure that the claims met applicable reimbursement requirements and, if appropriate, make a refund to CMS; and
- determine the effect of incorrectly including a claim reimbursed under the UCCP in the hospital-specific DSH calculation and make an appropriate adjustment on Form CMS-64.

Because authority for the UCCP has expired, we are not making procedural recommendations.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency concurred with our first recommendation and did not address our second recommendation. With respect to our third recommendation, the State agency said that the hospital would have received only a small payment from the inclusion of the UCCP claim in the hospital-specific DSH calculation. The State agency further stated that it was exempt from making DSH payments directly to hospitals and that DSH payments were made to prepaid health plans. The State agency's comments are included in their entirety as Appendix B.

## **OFFICE OF INSPECTOR GENERAL RESPONSE**

After reviewing the State agency's comments, we revised our third recommendation to indicate that the State agency should make an appropriate adjustment on Form CMS-64, rather than an adjustment to the hospital's DSH reimbursement. Our second recommendation remains valid.

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## INTRODUCTION

### BACKGROUND

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

### Section 1115 Hurricane-Related Demonstration Projects

Section 1115 of the Act permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under section 1115, CMS may waive compliance with any of the requirements of section 1902 of the Act and provide Federal matching funds for demonstration expenditures that would not otherwise be included as expenditures under the Medicaid State plan.

In response to Hurricane Katrina, CMS announced that States could apply for section 1115 demonstration projects to ensure the continuity of health care services for hurricane victims. A State with an approved hurricane-related section 1115 demonstration project was eligible under section 6201 of the Deficit Reduction Act of 2005 (DRA) for Federal payment of the total costs of uncompensated care incurred for medically necessary services and supplies furnished to Hurricane Katrina evacuees and affected individuals<sup>1</sup> who did not have other coverage for such assistance.

### Alabama's Approved Uncompensated Care Pool Plan

In a September 22, 2005, letter, CMS approved Alabama's request for section 1115 demonstration authority related to Hurricane Katrina. In a March 24, 2006, letter, CMS approved Alabama's uncompensated care pool (UCCP) plan and authorized reimbursement from the UCCP for services provided from August 24, 2005, through January 31, 2006. Specifically, the March letter authorized Alabama to reimburse providers that incurred uncompensated care costs for medically necessary services and supplies for Katrina evacuees and affected individuals who did not have coverage under Medicare, Medicaid, the State Children's Health Insurance Program (SCHIP), private insurance, State-funded health insurance programs, or public or private hurricane relief efforts. In an April 28, 2006, letter, CMS amended the section 1115 demonstration to authorize Alabama to operate a UCCP for providers serving Hurricane Rita evacuees who did not have Medicaid, SCHIP, or other health insurance coverage. Reimbursement for these evacuees was authorized for services provided from September 23, 2005, through January 31, 2006.

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<sup>1</sup>The DRA defines an evacuee as an affected individual who was displaced to another State. An affected individual is defined as an individual who resided in an assistance designation county and continues to reside in the same State.

The State's approved UCCP plan stated that reimbursement for services provided to uninsured individuals affected by Hurricane Katrina would be limited to those services available in the amount, scope, and duration defined in the State Medicaid plan as of August 24, 2005, with some exception for expanded diagnosis codes for mental health services. For those affected by Hurricane Rita, CMS approved services in accordance with the State plan in place on September 23, 2005. Only Medicaid providers were eligible for reimbursement. Providers were required to attest that all services were medically necessary and that they were unaware of any other source of payment. The plan limited reimbursement for dental and eye care and durable medical equipment to medical emergencies. In addition, the UCCP plan specified that uncompensated care claims paid through the UCCP could not be counted as uncompensated care costs in the Medicaid hospital-specific disproportionate share hospital (DSH) limit.<sup>2</sup>

The Alabama Medicaid Agency (the State agency) administered the UCCP, which was 100 percent federally funded. As of December 31, 2006, the State agency reported \$1.7 million in payments to 484 health care providers for 9,752 uncompensated care claims. The State agency claimed reimbursement for these payments on the "Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program" (Form CMS-64).

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine whether the State agency claimed reimbursement for services supplied by five providers who received high UCCP reimbursement amounts (high-dollar providers) in accordance with the approved section 1115 demonstration and UCCP plan.

### **Scope**

Our review covered 227 uncompensated care claims totaling \$771,386 that the State agency paid to five providers and claimed for Federal reimbursement as of December 31, 2006. (See Appendix A for the providers' names.) The 227 claims included all 197 uncompensated care claims from four providers (\$767,820) and 30 of the 194 uncompensated care claims from another provider (\$3,566 of \$15,783). These claims had dates of service from August 24, 2005, through January 31, 2006, for Hurricane Katrina evacuees and affected individuals and from September 23, 2005, through January 31, 2006, for Hurricane Rita evacuees.

We did not assess the State agency's overall internal controls. We limited our review to gaining an understanding of those controls related to uncompensated care claims paid in accordance with the hurricane-related section 1115 waiver and the State's UCCP plan.

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<sup>2</sup>The Omnibus Budget Reconciliation Act of 1981 (codified in section 1923 of the Social Security Act) established the Medicaid DSH program to help ensure that States provide adequate financial support to hospitals that serve a significant number of low-income patients with special needs. The Omnibus Budget Reconciliation Act of 1993 limited these payments to a hospital's uncompensated care costs, known as the hospital-specific limit.

We conducted our fieldwork from March to July 2008 at the State agency in Montgomery, Alabama, and at four of the five selected providers in Mobile and Birmingham, Alabama. We also obtained UCCP claim information from the provider that we did not visit.

## **Methodology**

To accomplish our objective, we:

- reviewed Federal laws, approval letters, and the State's approved UCCP plan;
- interviewed State agency and provider personnel;
- obtained the State agency's database of uncompensated care claims paid to providers as of December 31, 2006, which consisted of 9,752 paid claims totaling \$1.7 million;
- verified that all paid uncompensated care claims were included on Form CMS-64 for our audit period;
- selected from the State agency's database a judgmental sample of 227 paid claims totaling \$771,386 (197 claims from four providers with high reimbursement amounts and 30 of the 194 claims from the provider with the highest reimbursement amount among physicians); and
- reviewed supporting documentation for each selected claim to verify that:
  - the patient did not have health insurance coverage for the service under Medicare, Medicaid, SCHIP, private insurance, or a State-funded health insurance program by using the providers' access to an online insurance verification program maintained by the State;
  - the patient did not receive the service or item from a public or private hurricane relief effort by checking the Federal Emergency Management Agency's disaster relief database;
  - the patient's home address was within one of the individual assistance designation counties listed in an attachment to the UCCP plan;
  - the service occurred between August 24, 2005, and January 31, 2006, for Hurricane Katrina evacuees and affected individuals and between September 23, 2005, and January 31, 2006, for Hurricane Rita evacuees;
  - the service was covered by the State plan and the claim was paid at the appropriate rate based on the State's Medicaid fee schedule or per diem rates;
  - dental and eye care and durable medical equipment were related to a medical emergency; and

- uncompensated care claims paid through the UCCP were not counted in calculating the hospital-specific DSH limit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **FINDINGS AND RECOMMENDATIONS**

The State agency generally claimed reimbursement for services supplied by five high-dollar providers in accordance with the approved section 1115 demonstration and UCCP plan. Of the 227 claims totaling \$771,386 that we reviewed, 218 claims totaling \$744,554 were allowable. However, the remaining nine claims totaling \$26,832 were unallowable because the individuals who received the services were not from an area affected by Hurricane Katrina or Rita (five claims), had health care coverage under other programs (three claims), or did not provide an address that could be used to establish eligibility (one claim).

One other claim totaling \$15,878 was allowable as a UCCP claim. However, the State agency inappropriately included this claim in its Medicaid hospital-specific DSH calculation.

The State agency claimed unallowable reimbursement because it did not always follow its procedures for verifying individuals' addresses and eligibility for services. Also, the State agency did not always ensure that uncompensated care claims reimbursed from the UCCP were not used in the calculation of uncompensated care claims for the Medicaid DSH program.

## **UNCOMPENSATED CARE POOL PLAN REQUIREMENTS**

Alabama's approved UCCP plan limited Federal reimbursement to Hurricane Katrina evacuees and affected individuals and Hurricane Rita evacuees who did not have coverage under Medicare, Medicaid, SCHIP, private insurance, State-funded health insurance programs, or public or private hurricane relief efforts. Coverage was limited to individuals who resided in areas designated as individual assistance counties or parishes on or before August 24, 2005, for Hurricane Katrina and September 23, 2005, for Hurricane Rita. The UCCP plan stated that "[h]ospitals should be advised that uncompensated care claims paid through the UCCP cannot be counted as uncompensated in the hospital-specific disproportionate share hospital (DSH) limit as defined in Section 1923(g)(1)(A) of the Social Security Act."

## **UNALLOWABLE CLAIMS**

Contrary to the provisions of the approved UCCP plan, the State agency reimbursed four providers for nine unallowable claims totaling \$26,832:

- Five claims totaling \$4,928 were unallowable because the individuals who received the services had not resided in an area designated as an individual assistance county or parish.
- Two claims totaling \$3,042 were unallowable because the individuals who received the services had health care coverage under the Workers' Compensation Program.
- One claim totaling \$14,048 was unallowable because the Medicare program had paid for the services.
- One claim totaling \$4,814 was unallowable because the individual who received the services did not provide an address that could be used to establish eligibility.

Appendix A contains information, by provider, on these unallowable costs.

One other claim totaling \$15,878 was allowable as a UCCP claim. However, the State agency inappropriately used this claim in its Medicaid DSH calculation.

## **PROCEDURES FOR ELIGIBILITY VERIFICATION NOT FOLLOWED**

The State agency was responsible for ensuring that only allowable claims were paid from the UCCP. CMS's September 22, 2005, letter approving section 1115 demonstration authority and allowing the State to reimburse providers for uncompensated care costs required the State to "establish mechanisms to prevent payments from the pool on behalf of individuals who have coverage for services, or for whom other options are available." Under the State's UCCP plan, the providers submitted attestations that they were not aware of any other source of payment.

The State agency relied on the providers' attestations, and, although the State agency had procedures to verify those attestations, the State agency did not always follow its procedures by verifying individuals' addresses and eligibility for services. Also, the State agency did not always ensure that uncompensated care claims reimbursed from the UCCP were not used in the calculation of uncompensated care claims for the Medicaid DSH program.

## **RECOMMENDATIONS**

We recommend that the State agency:

- refund to CMS \$26,832 paid to providers for unallowable uncompensated care claims;
- consider reviewing the 9,525 claims that were not included in our sample to ensure that the claims met applicable reimbursement requirements and, if appropriate, make a refund to CMS; and
- determine the effect of incorrectly including a claim reimbursed under the UCCP in the hospital-specific DSH calculation and make an appropriate adjustment on Form CMS-64.

Because authority for the UCCP has expired, we are not making procedural recommendations.

### **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency concurred with our first recommendation and did not address our second recommendation. With respect to our third recommendation, the State agency said that the hospital would have received only a small payment from the inclusion of the UCCP claim in the hospital-specific DSH calculation. The State agency further stated that it was exempt from making DSH payments directly to hospitals and that DSH payments were made to prepaid health plans. The State agency's comments are included in their entirety as Appendix B.

### **OFFICE OF INSPECTOR GENERAL RESPONSE**

After reviewing the State agency's comments, we revised our third recommendation to indicate that the State agency should make an appropriate adjustment on Form CMS-64, rather than an adjustment to the hospital's DSH reimbursement. Our second recommendation remains valid.

# **APPENDIXES**

APPENDIX A

**COSTS CLAIMED BY THE  
ALABAMA MEDICAID AGENCY AND COSTS DETERMINED  
UNALLOWABLE/ALLOWABLE**

	<b>University of South Alabama Medical Center</b>	<b>Rehabilitation and Healthcare of Birmingham</b>	<b>Mobile Infirmary Association</b>	<b>Cardiology Consultants</b>	<b>USA Children's and Women's Hospital</b>	<b>Total</b>
Amount claimed	<u>\$181,500</u>	<u>\$46,154</u>	<u>\$213,508</u>	<u>\$15,783</u>	<u>\$326,658</u>	<u>\$783,603</u>
Amount reviewed	<u>\$181,500</u>	<u>\$46,154</u>	<u>\$213,508</u>	<u>\$3,566</u>	<u>\$326,658</u>	<u>\$771,386</u>
Unallowable amount:						
Other insurance coverage	\$ 0	\$14,048	\$3,042	\$ 0	\$ 0	\$17,090
Geographic ineligibility	5,498	0	3,969	\$ 275	0	9,742
<b>Total unallowable amount</b>	<b><u>\$5,498</u></b>	<b><u>\$14,048</u></b>	<b><u>\$7,011</u></b>	<b><u>\$ 275</u></b>	<b><u>\$ 0</u></b>	<b><u>\$26,832</u></b>
<b>Allowable amount</b>	<b><u>\$176,002</u></b>	<b><u>\$32,106</u></b>	<b><u>\$206,497</u></b>	<b><u>\$3,291</u></b>	<b><u>\$326,658</u></b>	<b><u>\$744,554</u></b>
Number of claims submitted	<u>70</u>	<u>7</u>	<u>98</u>	<u>194</u>	<u>22</u>	<u>391</u>
Number of claims reviewed	<u>70</u>	<u>7</u>	<u>98</u>	<u>30</u>	<u>22</u>	<u>227</u>
<b>Number of unallowable claims</b>	<b><u>2</u></b>	<b><u>1</u></b>	<b><u>3</u></b>	<b><u>3</u></b>	<b><u>0</u></b>	<b><u>9</u></b>



BOB RILEY  
Governor

## Alabama Medicaid Agency

501 Dexter Avenue  
P.O. Box 5624  
Montgomery, Alabama 36103-5624

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CAROL H. STECKEL, MPH  
Commissioner

January 8, 2009

Peter J. Barbera  
Regional Inspector General  
for Audit Services, Region IV  
Department of Health and Human Services  
61 Forsyth Street, S.W., Suite 3T41  
Atlanta, GA 30303

Dear Mr. Barbera:

This letter is in response to your office's report entitled "*Allowability of Alabama's Hurricane Katrina-Related Uncompensated Care Claims Under Section 1115 Waivers*" (Report Number: A-04-08-03040). The objective was to determine whether the State agency claimed reimbursement for services supplied by five providers who received high UCCP reimbursement amounts (high-dollar providers) in accordance with the approved section 1115 demonstration and UCCP plan.

In response to the finding regarding Medicaid's reimbursement to four providers for nine unallowable claims totaling \$26,832, the Agency agrees that these claims should not have been paid for reasons detailed on pages four and five of the report. In accordance with your recommendation regarding this finding, the Agency will request that our fiscal agent, Electronic Data Systems, recoup the \$26,832 from the providers involved and will refund to CMS the \$26,832 paid to providers for unallowable uncompensated care claims.

In response to the finding regarding the claim that was allowable as a UCCP claim but inappropriately included in the hospital-specific DSH calculation, the Agency has determined that the hospital would have received only a small payment based on this claim being included in DSH calculation. Alabama Medicaid is exempt from making DSH payments directly to hospitals. DSH payments are made to Prepaid Health Plans.

Sincerely,

Carol H. Steckel  
Commissioner

chs/cgb